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INTERCHINA HOLDINGS COMPANY LIMITED

國 中 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

VERY SUBSTANTIAL DISPOSAL

Reference is made to the Announcements, pursuant to which the Board announced the signing of the Agreement and the Supplemental Agreement whereby the Company agreed to dispose of, among other matters, (i) the entire equity interest of ICIM; and (ii) 38.9% equity interest of CIC to the Purchaser at the aggregate consideration of RMB 330 million. On 9 February 2009, the Company, CIC and the Purchaser entered into the Supplemental Agreement. The Disposal constituted a very substantial disposal of the Company and is subject to the approval of the Shareholders at the EGM.

The long-stop date and the repayment date as set out in the Agreement (as amended and supplemented by the Supplemental Agreement) have expired but the Purchaser and the Company would like to proceed with the Disposal. Accordingly, the Purchaser, the Company and CIC entered into the Second Supplemental Agreement on 16 July 2009 to further amend the Agreement (as amended and supplemented by the Supplemental Agreement).

The Disposal (as amended and supplemented by the terms of the Supplemental Agreement and the Second Supplemental Agreement) continues to constitute a very substantial disposal of the Company under the Listing Rules. It will be subject to the approval of the Shareholders at the EGM. A circular of the Company containing, among other things, further details of the Agreement, the Supplemental Agreement and the Second Supplemental Agreement, letter from the Independent Board Committee, letter from the Independent Financial Adviser and general information of the Group, together with the notice of EGM, will be despatched to the Shareholders as soon as practicable.

Reference is made to the announcements (the “**Announcements**”) of Interchina Holdings Company Limited (the “**Company**”) dated 12 December 2008 and 27 April 2009. Terms defined in this announcement shall have the same meaning as those defined in the Announcements, unless the context requires otherwise.

BACKGROUND

On 10 December 2008, the Company entered into the Agreement with the Purchaser pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, among others, the Sale Interests (being (i) the entire equity interest of ICIM; and (ii) 38.9% equity interest of CIC) at the aggregate consideration of RMB330 million. The Disposal constituted a very substantial disposal of the Company and is subject to the approval of the Shareholders at the EGM. Details of the Agreement were published in the Announcement dated 12 December 2008.

On 9 February 2009, the Company, CIC and the Purchaser entered into the Supplemental Agreement to, among other matters, amend the payment terms of the consideration and to rectify the arrangements as set out in the Financial Agreement, the Undertakings, the First Transfer Agreements and the Second Transfer Agreements and to bring their terms in line with those of the Agreement. Details of the Supplemental Agreement were published in the Announcement dated 27 April 2009.

The long-stop date and the repayment date as set out in the Agreement (as amended and supplemented by the Supplemental Agreement) have expired but the Purchaser and the Company would like to proceed with the Disposal. Accordingly, the Purchaser, the Company and CIC entered into the second supplemental agreement (the “**Second Supplemental Agreement**”) on 16 July 2009 to further amend the Agreement (as amended and supplemented by the Supplemental Agreement).

THE SECOND SUPPLEMENTAL AGREEMENT

Date: 16 July 2009

Parties:

- (i) the Vendor;
- (ii) the Purchaser; and
- (iii) CIC.

Amendments to the Agreement (as amended and supplemented by the Supplemental Agreement)

Original terms under the Agreement (as amended and supplemented by the Supplemental Agreement)

Revised terms under the Second Supplemental Agreement

1. In relation to the Financial Agreement

The Purchaser shall provide loan and financing to CIC in the aggregate amount of RMB150,000,000 under the Financial Agreement upon the written demand from CIC, which shall be non-interest bearing. The repayment date shall be 31 March 2009 or such later date as mutually agreed by CIC and the Purchaser in writing.

The Purchaser shall provide loan and financing to CIC in the aggregate amount of RMB150,000,000 under the Financial Agreement upon the written demand from CIC, which shall be non-interest bearing. The repayment date shall be 31 August 2009 or such later date as mutually agreed by CIC and the Purchaser in writing.

2. Terms of the Agreement (as amended and supplemented by the Supplemental Agreement)

(a) The Sale Loan refers to the non-interest bearing loan due from ICIM to the Company amounting to RMB 570 million as at 31 October 2008

The Sale Loan refers to the non-interest bearing loan due from ICIM to the Company amounting to RMB 614 million as at 31 March 2009.

(b) Upon signing of the Agreement, the Purchaser shall appoint a firm of auditors to conduct due diligence exercise on ICIM and CIC in respect of their respective assets and liabilities as at 31 October 2008 and such due diligence report shall be issued within two months from the date of the Agreement.

Upon signing of the Agreement, the Purchaser shall appoint a firm of auditors to conduct due diligence exercise on ICIM and CIC in respect of their respective assets and liabilities as at 31 March 2009 and such due diligence report shall be issued on or before 31 August 2009.

(c) Subject to the satisfaction of the conditions precedent set out in the Agreement, within nine months after the date of the Agreement, the Company and the Purchaser shall execute the transfer documents regarding the Disposal for the purpose of registration of such transfer with the Government of Changsha in Hunan Province, the PRC.

Subject to the satisfaction of the conditions precedent set out in the Agreement, within six months from the date of the EGM approving the Disposal and the transactions contemplated thereunder, the Company and the Purchaser shall execute the transfer documents regarding the Disposal for the purpose of registration of such transfer with the Government of Changsha in Hunan Province, the PRC.

(d) If the conditions precedent set out in the Agreement are not satisfied within six months from the date of the Agreement, the Agreement shall lapse and neither party to the Agreement will have any liabilities save for any antecedent breaches thereof.

If the conditions precedent set out in the Agreement are not satisfied on or before 31 August 2009, the Agreement shall lapse and neither party to the Agreement will have any liabilities save for any antecedent breaches thereof.

Save as set out above, other terms of the Agreement (as amended and supplemented by the Supplemental Agreement) remains unchanged.

GENERAL

The Disposal (as amended and supplemented by the terms of the Supplemental Agreement and the Second Supplemental Agreement) continues to constitute a very substantial disposal of the Company under the Listing Rules. It will be subject to the approval of the Shareholders at the EGM. A circular of the Company containing, among other things, further details of the Agreement, the Supplemental Agreement and the Second Supplemental Agreement, letter from the Independent Board Committee, letter from the Independent Financial Adviser and general information of the Group, together with a notice of EGM, will be despatched to the Shareholders as soon as practicable.

By Order of the Board
Interchina Holdings Company Limited
Lam Cheung Shing, Richard
Chief Executive Officer and Executive Director

Hong Kong, 16 July 2009

As at the date of this announcement, the executive Directors are Ms. Wing Man Yi, Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun and Dr. Mu Simon Xinming; and the independent non-executive Directors are Ms. Ha Ping, Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Dr. Fu Tao.